

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION**

**Call to Order:** By **CHAIRMAN JOHN WITT**, on January 22, 2001 at 8.00 A.M., in Room 102 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. John Witt, Chairman (R)  
Sen. Ken Miller, Vice Chairman (R)  
Rep. Rosalie (Rosie) Buzzas (D)  
Sen. Greg Jergeson (D)  
Sen. Royal Johnson (R)  
Rep. Art Peterson (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Amy Carlson, OBPP  
Cayenna Johnson, Committee Secretary  
Taryn Purdy, Legislative Branch  
Jim Standaert, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: OPI, 01/18-19/01.  
Executive Action: OPI, 1/19/01 and 1/22/01.

#### **EXECUTIVE ACTION ON OFFICE OF PUBLIC INSTRUCTION**

***{Tape : 1; Side : A; Approx. Time Counter : 0; Time: 8:04 am}***

**Taryn Purdy, Legislative Fiscal Division**, provided a supplemental handout comparing Governor Racicot and Governor-elect Martz's budget recommendations.

**EXHIBIT** (jeh17a01)

Using another supplemental handout [Exhibit (1) 01/19/01], **Ms. Purdy** led the committee through continued executive action of the Office of Public Instruction (OPI).

**Motion:** SEN. JERGESON moved that DP 6-REPLACE BASE BUDGET BE ADOPTED.

**Discussion:** Amy Carlson, Office of Budget and Program Planning(OBPP), reminded committee members this appropriation was accidentally taken out due to a computer problem. This committee needs to adopt it to get it put back in the budget.

**Motion/Vote:** SEN. JERGESON moved that DP 6-REPLACE BASE BUDGET BE ADOPTED. Motion carried 5-1 with Miller voting no.

**Motion/Vote:** REP. BUZZAS moved DP 8-INDIRECT COST OF BASE ADJUSTMENTS. Motion carried 4-2 with Miller and Witt voting no.

**Motion:** SEN. JERGESON moved that DP 11-ADVANCED DRIVER EDUCATION INCREASED DEMAND BE ADOPTED.

**Discussion:** Ms. Purdy reminded the committee they are approving the rate of fees for services rendered by the Advanced Driver's Education Program. For **REP. PETERSON**, Ms. Purdy explained that the source of state special revenue comes from the fees generated from operating the Drivers Education Program.

**Motion:** SEN. JERGESON moved that DP 11-ADVANCED DRIVER EDUCATION INCREASED DEMAND BE ADOPTED. Motion failed 4-2 with Jergeson and Buzzas voting yes.

**Motion:** REP. BUZZAS moved that DP 12-FEDERAL GRANT AWARD ADMINISTRATION BE ADOPTED.

**Discussion:** According to Kathy Fabiano, OPI Assistant Superintendent Department of Operations, OPI applies a 17% indirect cost rate to federal grants to pay for administrative support associated with administering the federal grants. At **SEN. JOHNSON'S** request, Ms. Fabiano explained this money does not come from the General Fund and if passed, would not become a line-item. This is a rate approved by the committee, but not allocated in HB 2. **V. CHAIR MILLER** said he would not support this motion. He said federal grants should be given in block amounts and that if the federal government really wanted to give states money, they would let them choose how to spend it. In addition, **V. CHAIR MILLER** didn't know if the things this federal grant funded were things Montana wanted to invest in. **REP. BUZZAS** replied that the special needs of students in each

district would have to be met. Without federal dollars the money would come out of the General Fund. For **SEN. JOHNSON Ms. Fabiano** explained the total amount allocated divided by 1.17 is the direct cost and the difference is the indirect cost. The indirect cost pool will fund other programs not under the federal program, e.g. SABHRS, pay plan increases or costs from other agencies that pass their costs to OPI. **SEN. JERGESON** reminded committee members that they were *approving authority* to participate in these grant programs. If the committee refused to authorize use of these grants it would only embarrass the committee. At **REP. PETERSON'S** request **Bob Runkel, OPI Director of Special Education**, explained that "IDEA B", the largest portion of the federal grant allocation, provides direct and indirect support to children with disabilities.

**Motion:** **REP. BUZZAS** moved that **DP 12-FEDERAL GRANT AWARD ADMINISTRATION BE ADOPTED. Motion carried 5-1 with Miller voting no.**

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**Motion:** **REP. BUZZAS** moved that **DP 16-SPECIAL EDUCATION GRANT BE ADOPTED.**

**Discussion:** At **SEN. JOHNSON'S** request **Mr. Runkel**, explained DP 16 is to eliminate all base year expenditures as the Special Education IDEA Secondary Transition Grant terminates September 30, 2001 and is being replaced by the State Improvement Grant. The former grant provided approximately \$185,000 per year for five years and the new grant provides approximately \$550,000 per year for five years. **SEN. JOHNSON** complimented **Mr. Runkel** for "making a good deal".

**Motion:** **REP. BUZZAS** moved that **DP 16-SPECIAL EDUCATION GRANT BE ADOPTED. Motion carried unanimously.**

**Motion:** **SEN. JOHNSON** moved that **DP 17-SCHOOL TO WORK PROGRAM REDUCTION BE ADOPTED.**

**Discussion:** **SEN. JOHNSON** asked **Ms. Fabiano** how much money is left after this reduction of \$24,000 and she responded the remainder is about \$44,000. **Ms. Purdy** reminded the committee that this DP has a companion DP in Program 09. **SEN. JOHNSON** asked how many OPI employees would lose employment as a result of the reduction in federal funds. **Nancy Coopersmith, OPI Assistant Superintendent, Department of Education Services**, will try to carry over funds for the one employee and partial staff member employed by these funds. However, because OPI will not lose

funding for another year the state of this employee has yet to be determined.

**CHAIRMAN WITT** asked **Ms. Purdy** what the implications are of either approving or not approving the School to Work Reduction and the Job Training Partnership and she explained to not pass them would be to give OPI more spending authority than they have money to spend. **Ms. Fabiano** clarified for the committee that OPI is requesting the committee approve DP 17 at the present rate as they have recently received more funding than when the budget was prepared. **SEN. JERGSON** explained that to pass DP 17 is to adjust the grant down but not an elimination of the program. **SEN. JOHNSON** explained the federal grant is ending in two years and the program will not be renewed in this form. **Ms. Purdy** explained OPI will request the committee not approve \$2.7 million in Program 09 but some lesser amount. In addition, there will be nothing in the next biennium, 2005, as the grant will be gone.

**Motion/Vote:** **SEN. JOHNSON** moved that **DP 17-SCHOOL TO WORK PROGRAM REDUCTION BE ADOPTED**. Motion carried unanimously.

*{Tape : 1; Side : A; Approx. Time Counter : 29.9; Time: 8:30 am}*

**Motion/Vote:** **REP. PETERSON** moved that **DP 18-JOB TRAINING PARTNERSHIP ACT BE ADOPTED**. Motion carried unanimously.

**Motion:** **REP. BUZZAS** moved that **DP 19-TRAFFIC EDUCATION ADMINISTRATION BE ADOPTED**.

**Discussion:** **Ms. Purdy** explained that state special revenues in this case come from a portion of drivers' license and duplicate drivers' license fees. This money would ultimately come directly from school budgets, as any administrative funds reduce the amount grated to school districts. **Ms. Fabiano** stated that the money is needed to update the drivers' education curriculum. Roughly 10,000 students go through drivers education each year so this \$12,000 would be about \$1.20 per student. **REP. BUZZAS** commented that she didn't want to see drivers' educations fees rise, but also thought it was vital to update curriculum.

**Motion/Vote:** **REP. PETERSON** moved that **DP 19-TRAFFIC EDUCATION ADMINISTRATION BE ADOPTED**. Motion failed 3-3 with Buzzas, Jergeson, and Peterson voting aye.

*{Tape : 1; Side : B; Approx. Time Counter : 2.5; Time: 8:35 am}*

**Ms. Purdy** reminded the committee that DP 698-Capitol Land Grant to Supplement Rent and DP 699-Vacancy Savings were both approved under Statewide Present Law Adjustments Friday, January 19, 2001.

**Motion:** **REP. BUZZAS** moved that **DP 2-SCHOOL IMPROVEMENT: FOCUS ON LEARNING WITH GOVERNOR RACICOT'S ORIGINAL BUDGET RECOMMENDATION OF \$1.1 MILLION BE ADOPTED.**

**Discussion:** **REP. PETERSON** stated that he could not approve DP 2 due to the goal of a "seamless web of education" to which the committee had been referring throughout the committee session. His testimony is found in the following:

**EXHIBIT (jeh17a02).**

**{Tape : 1; Side : B; Approx. Time Counter : 8.2}**

Because **REP. PETERSON** indicated he was not interested in funding DP 2 at either the Racicot or Martz recommendation, **SEN. JERGESON** explained that the Montana School Improvement Program was first submitted to the subcommittee as a two year proposal . It was funded twice and this particular request is the logical third and final portion of the project. In response to **REP. PETERSON**, **SEN. JERGESON** said the Montana School Improvement plan does include the community based on his experience at regional meetings. In order for OPI to continue working with the community, the Montana legislation must equip OPI with the resources to do so. This lack of funding will "strengthen the seams" that divide higher education from K-12 education.

**REP. PETERSON** responded that colleges must be encouraged to work with K-12 education. He said we must not accept their excuses and the entire community must be involved to create a seamless web of education. The purpose of K-16 focused education is to improve education. The taxpayer is saying they want education served in its totality.

**REP. BUZZAS** responded that she agreed with **REP. PETERSON** but refusing to fund the Montana School Improvement initiative wouldn't accomplish his goals. It's critical to improve standards and increase staff development. OPI provides the resource to implement improved standards. This is a cycle the Montana legislation doesn't want to interrupt.

**CHAIRMAN WITT** asked **Linda McCulloch, OPI Superintendent**, to respond to DP 2. She explained that she agrees the K-16 "seamless" system is a superior one. This is both the priority of the Board of Regents and Board of Public Education. In Montana educators wouldn't think of doing education without

involving both higher education and the entire community. **REP. PETERSON** said he thought it seemed that the committees were made entirely of K-12 people. **Superintendent McCulloch** responded that there was a great deal of grassroots work that didn't appear on the forms. It's also true that OPI does a lot of work at the local level. Montana schools don't have the time to develop higher education relationships. OPI provides the resources to improve professional development.

**Ms. Carlson**, reminded the committee that the Martz budget recommendation excludes the professional development part of DP 2.

**Motion:** **REP. BUZZAS** moved that **DP 2-SCHOOL IMPROVEMENT: FOCUS ON LEARNING WITH GOV. RACICOT'S ORIGINAL BUDGET RECOMMENDATION OF \$1.1 MILLION BE ADOPTED.** Motion fails 4-2 with Buzzas and Jergeson voting aye.

*{Tape : 1; Side : B; Approx. Time Counter : 25.9}*

**Motion:** **SEN. JERGESON** moved **DP 2-SCHOOL IMPROVEMENT FOCUS ON LEARNING INCLUDING MARTZ BUDGET RECOMMENDATIONS.**

**Discussion:** **SEN. JOHNSON** said **SEN. JERGESON** was right. In the 1999 biennium OPI asked for \$1.6 million and the Montana legislation approved \$350,000 for the Montana School Improvement Plan. Later in the 2001 biennium, the Montana legislation allocated \$350,000 plus \$791,000. He said something needed to be changed.

**Motion/Vote:** **SEN. JERGESON** moved that **DP 1-SCHOOL IMPROVEMENT FOCUS ON LEARNING INCLUDING MARTZ BUDGET RECOMMENDATIONS BE ADOPTED.** Motion failed with Buzzas and Jergeson voting aye.

On DP 5-National Board Certification Stipend, **V. CHAIR MILLER** recommended the committee take action contingent on HB 42 [see exhibit (3) 01/19/01]. **REP. BUZZAS** recommended the committee take action at this time because she understood they had to offer a recommendation to the House Appropriations Committee on these decision packages. **Ms. Carlson** further clarified this appropriation was not contingent on the bill passing. The bill has Governor Racicot's original recommendation.

**Motion:** **SEN. JOHNSON** moved that **DP 5-NATIONAL BOARD CERTIFICATION STIPEND BE ADOPTED.**

**Discussion:** **V. CHAIR MILLER** asked **Ms. Carlson** if OPI had provided \$2,000 for three teachers in the last biennium. These funds came

from the School Improvement Fund. **REP. PETERSON** urges support of DP 5 as this is a rigorous examination of standards.

The committee discussed that the Education Subcommittee can only provide recommendations for funding to the House Appropriations Committee and that nothing they decide or move is final.

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**Substitute Motion:** SEN. MILLER made a substitute motion to **ADOPT DP 5-NATIONAL BOARD CERTIFICATION STIPEND BE FUNDED ONE TIME ONLY AT \$20,000 PER YEAR.**

**Discussion:** SEN. JERGESON stated Montana Teachers need incentives for getting additional certification. He said he was more comfortable approving the motion at a lower rate if it were a multi-year stipend. SEN. MILLER suggested the local school districts or the teacher make up the difference and that this \$2,000 per year allocated would provide incentive for teachers. REP. BUZZAS said that to think that the school districts have extra money is mistaken. She said if the state is sincere about improving the professional teachers they would oppose this motion.

**Substitute Motion:** SEN. MILLER made a substitute motion that **DP 5-NATIONAL BOARD CERTIFICATION STIPEND BE FUNDED ONE TIME ONLY AT \$20,000 PER YEAR BE ADOPTED. Motion fails 5-1 with Miller voting yes.**

**Motion:** SEN. JOHNSON moved that **DP 5-NATIONAL BOARD CERTIFICATION STIPEND BE ADOPTED. Motion carries unanimously.**

**Motion/Vote:** SEN. JOHNSON moved that **LANGUAGE IN DP 5-NATIONAL BOARD CERTIFICATION STIPEND SHOW ONE-TIME NATURE OF STIPEND BE ADOPTED. Motion carried unanimously.**

DP 10-Address issues related to HB 528 is to implement the constitutionally declared policy of the state to recognize Native American Culture. V. CHAIR MILLER stated local school boards should be making decisions about their curricula; this would be diverting from the "3-R's".

**Motion:** REP. BUZZAS moved that **DP 10-ADDRESS ISSUES RELATED TO HB 528 BE ADOPTED.**

**Discussion:** Ms. Coopersmith, verified that OPI has an Native American curriculum specialist. In addition, 7% of Montana's classrooms are comprised of Native Americans. These schools

aren't adequately prepared in terms of having available resources and curricula to fulfill HB 528. In response to a question concerning the fact that there are no funds in the Martz budget in the university system for this purpose, OPI stated that very late in the process Montana University System(MUS) started contributing to this program, but their proposal was not considered by the Board of Public Education. **V. CHAIR MILLER** stated this shouldn't be a separate program. **Ms. Purdy** explained schools get funds awarded by economic need for Indian Education but these funds don't support cultural education. Originally a fiscal note accompanying HB 528 stated legislative intent was that there would be no fiscal impact resulting from the passage of HB 528. **Ms. Coopersmith** further clarified that impact aid funds are for schools without a tax base. These include funds to address Indian education but not necessarily Native American cultural education.

*{Tape : 2; Side : A; Approx. Time Counter : 23.4}*

**Motion/Vote:** REP. BUZZAS moved that DP 10-ADDRESS ISSUES RELATED TO HB 528 BE ADOPTED. Motion failed 3-3 with Buzzas, Jergeson, and Peterson voting aye.

**Motion:** REP. BUZZAS moved that DP 12 - NON-FISCAL DATA AUTOMATED SYSTEM BE ADOPTED.

**Discussion:** Madalyn Quinlan, OPI Chief of Staff, explained for SEN. JOHNSON the majority of the \$50,000 request is to pay for administrative costs associated with the transformation of data. The remainder is for training associated with the new CITRIX server.

**Motion/Vote:** REP. BUZZAS moved that DP 12-NON-FISCAL DATA AUTOMATED SYSTEM BE ADOPTED. Motion failed 3-3 with Buzzas, Jergeson, and Peterson voting aye.

**Motion/Vote:** SEN. JERGESON moved that DP 13-SPECIAL EDUCATION: STATE IMPROVEMENT GRANT BE ADOPTED. Motion carried unanimously.

**Motion/Vote:** REP. PETERSON moved that DP 15-ADVANCED DRIVER ED CHANGE TO PROPRIETARY BE ADOPTED. Motion carried unanimously.

**Motion:** SEN. JERGESON moved that DP 18-ADVANCED PLACEMENT INCENTIVE PROGRAM BE ADOPTED.

**Discussion:** SEN. JOHNSON questioned why so much money was being used for administration. **V. CHAIR MILLER** would like to see FTE's reduced overall and OPI use existing staff.



**Substitute Motion:** SEN. MILLER made a substitute motion that DP 18-ADVANCED PLACEMENT INCENTIVE PROGRAM BE ADOPTED ONE-TIME-ONLY WITH REMOVAL OF 0.5 FTE BUT MAINTAINING FUNDING.

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**Discussion:** REP. BUZZAS asked the committee why they are punishing OPI. She said in order to expect proper implementation the committee needs to support administration. She reminded the committee that the reduction of this FTE does not reduce the general fund. SEN. JOHNSON referred to Ms. Purdy's earlier comment that OPI can still use Program 09 funds for administration. Members of the committee then asked why OPI would be asking for the authority to fund administration from a federal grant if it wasn't contingent on the committee adoption.

**Motion:** SEN. MILLER made a substitute motion that DP 18-ADVANCED PLACEMENT INCENTIVE PROGRAM BE ADOPTED ONE-TIME-ONLY WITH REMOVAL OF 0.5 FTE BUT MAINTAINING FUNDING.

**Discussion:** SEN. JERGESON reminded the committee that the administrative portion is dependent on the portion of federal funding. Ms. Purdy explained that making the this funding OTO would only change where, either in a present law adjustment or a new proposal, OPI requested authority to spend this federal grant for administrative costs in the next biennium.

**Motion/Vote:** SEN. MILLER moved that DP 18-ADVANCED PLACEMENT INCENTIVE PROGRAM ONE-TIME-ONLY REDUCING 0.5 FTE BE ADOPTED AS AMENDED. Motion carried 4-2 with Buzzas and Jergeson voting no.

**Substitute Motion:** SEN. JERGESON moved that DP 20-COORDINATED SCHOOL HEALTH PROGRAM BE ADOPTED.

**Discussion:** V. CHAIR MILLER stated he was still troubled by this. He would like to require greater collaboration between school districts and the existing county health facilities. REP. BUZZAS spoke to support this motion. In her experience with public schools increased community and school partnerships have had an effect of increasing attendance. This motion shows the support of the state that health is an important part of education. REP. BUZZAS explained to V. CHAIR MILLER that OPI doesn't have much discretion over DP 20 administrative costs. SEN. JOHNSON said he didn't think OPI had explained properly these administrative costs. He further stated that he thought OPI should write up an assessment program showing exactly what the existing health programs are doing. CHAIRMAN WITT asked Superintendent McCullogh if duplication was going on. Superintendent McCullogh replied

that there was not duplication, especially in rural areas where most students aren't able to walk the county nurse after school.

**SEN. JOHNSON** stated he thought it would be more appropriate to pass the funds right along to schools to let each school or county nurse decide how to spend the money. **Superintendent McCullogh** responded that although \$477,013 seemed like a lot of money, when divided up between 800+ schools, the money would only give each school nurse about 15 minutes per week of extra time. She said she thought the best way to spend this money was to use it to provide resources that the school nurse can pass directly to schools for health education.

*{Tape : 2; Side : B; Approx. Time Counter : 15.9}*

**Motion/Vote:** **SEN. JERGESON** moved **DP 20-COORDINATED SCHOOL HEALTH PROGRAM**. Motion failed 2-4 with Buzzas and Jergeson voting aye.

**SEN. JERGESON** reminded the committee HB 140 also deals with DP 21. He said he was concerned that the amount of money recommended for allocation wasn't enough. The present amount of the loan forgiveness program has the effect of either funding few students at an adequate amount or funding many students in a way that isn't very helpful. **Ms. Carlson** reported that the Martz administration recommendation provides funding for 110 new students per year for four years chosen based on specialty or local area of need. The BPE would choose these students and they would get \$3,000 per year for four years. **SEN. JOHNSON** said he thought the program was well described and that \$990,000 was no small sum of money. **SEN. JERGESON** recommended the committee not take action until HB 140 had been considered. He said he also had misgivings about this program and wonders whether it would produce the desired effects.

**Motion/Vote:** **SEN. JOHNSON** moved that **DP 21-TEACHER SHORTAGE/TEACHER SALARIES RECOMMENDATIONS BE ADOPTED**. Motion failed 3-3 with Jergeson, Miller and Witt voting no.

**Motion:** **SEN. JOHNSON** moved that **DP 23-ELIMINATE TOLL-FREE LINES FOR METNET BE ADOPTED**.

**Discussion:** **SEN. JERGESON** stated that he opposed this motion. Small rural districts don't have access to OPI via the internet.

**Substitute Motion:** **SEN. JERGESON** made a substitute motion that **DP 23-TOLL-FREE LINES FOR METNET BE APPROPRIATED AS ONE-TIME-ONLY BE ADOPTED**.

*{Tape : 2; Side : B; Approx. Time Counter : 26.4}*

**Discussion:** REP. BUZZAS supports the substitute motion. Access to rural areas is important. Ms. Carlson said that when OBPP looked at OPI's 15% cut plan, DP 23 and DP 24 were two that seemed reasonable. She said this is one of many tough decisions they had to make.

**Substitute Motion/Vote:** SEN. JERGESON made a substitute motion that DP 23-TOLL-FREE LINES FOR METNET BE APPROPRIATED AS ONE-TIME-ONLY BE ADOPTED. Motion failed 2-4 with Buzzas and Jergeson voting aye.

**Motion:** SEN. JOHNSON moved that DP 23-ELIMINATE TOLL-FREE LINES FOR METNET BE ADOPTED. Motion carried 4-2 with Buzzas and Jergeson voting no.

**Motion:** REP. PETERSON moved that DP 24-ELIMINATE COMMUNICATIONS POSITION BE ADOPTED.

**Discussion:** SEN. JERGESON reminded the committee that OPI and the Appropriations Educations Subcommittee are no longer at war. There is no rationale to use the 15% plan in cutting the OPI budget when this rationale is not consistent with the appropriations with other agencies. REP. BUZZAS explained to the committee that every time the budget is cut from OPI, resources are also cut from local districts and that these cuts don't help. She said she didn't understand why the committee was singling out OPI when they hadn't applied the 15% plans cuts to other agencies. REP. PETERSON said the committee was looking at both the Martz recommendations and the 15% plan to make cuts. And that he didn't see it in one place more than another.

*{Tape : 3; Side : A; Approx. Time Counter : 0}*

Superintendent McCullogh responded that the communications position is very important to OPI and Montana schools. Montana is using the information gathered by the communications position. She reminded the committee that it's much cheaper to spend now for education rather than pay later for incarceration.

**Substitute Motion/Vote:** REP. BUZZAS made a substitute motion to FUND THE COMMUNICATIONS POSITION. Substitute motion failed 2-4 with Buzzas and Jergeson voting aye.

**Motion:** REP. PETERSON moved that DP 24-ELIMINATE COMMUNICATIONS POSITION BE ADOPTED.

**REP. PETERSON** told the committee that in Wisconsin the communications position was also eliminated and Wisconsin was just fine. **SEN. JERGESON** reminded the subcommittee that in 1987 OPI had 200 FTE and in 1999 OPI had 138 FTE. Over the years OPI has continued to serve the interests of taxpayers. The FTE change in OPI hasn't been matched in other offices. There is no reason to target this office.

**Motion/Vote:** **REP. PETERSON** moved that **DP 24-ELIMINATE COMMUNICATIONS POSITION BE ADOPTED**. Motion passed 4-2 with Buzzas and Jergeson voting no.

*{Tape : 3; Side : A; Approx. Time Counter : 6.8; Time: 10:35 am}*

**Motion:** **SEN. JERGESON** moved that **DP 11-BUDGET POSITION RECOMMENDED BY RACICOT BE ADOPTED**.

**Discussion:** **SEN. JERGESON** reminded the committee that school districts rely heavily on OPI especially because school districts are only allowed to present mill levy requests one time rather than formerly three times.

**Motion/Vote:** **SEN. JERGESON** moved that **DP 11-BUDGET POSITION RECOMMENDED BY RACICOT BE ADOPTED**. Motion failed 3-3 with Buzzas, Jergeson and Peterson voting aye.

**Ms. Carlson** explained that OBPP cut the tobacco funds from the Department of Public Health and Human Services (DPHHS) by 6 million and therefore decided to cut the OPI tobacco funding and let DPHHS decide how to spend the remainder of the money. **Ms. Coopersmith** explained this money would go directly to the schools to add to programs to prevent school-aged smoking.

**Motion:** **SEN. JERGESON** moved that **RACICOT'S RECOMMENDATION FOR DP 14-TOBACCO EDUCATION BE ADOPTED**. Motion failed 3-3 with Buzzas, Jergeson and Peterson voting aye.

*{Tape : 3; Side : A; Approx. Time Counter : 17.5; Time: 10:45 am}*

Another program, Emergency Renovation Grant, was not presented in the LFD Budget Analysis because the federal grant was awarded Dec 21, 2000. According to **Ms. Carlson** the executive office doesn't foresee any problems accepting this grant.

**Motion:** **SEN. JERGESON** moved that the **EMERGENCY RENOVATION GRANT BE ADOPTED**.

**Discussion:** SEN. JOHNSON asked if the money could be allocated one-time-only.

**Motion:** SEN. JERGESON moved that **EMERGENCY RENOVATION GRANT ONE-TIME-ONLY BE ADOPTED AS AMENDED. Motion carried unanimously.**

SEN. JOHNSON didn't understand why the committee had to take action on approving the administration costs of federal grants.

Ms. Fabiano explained that for this particular grant, part of the federal contract by federal mandate requires 1% allocation for administrative costs. The legislature approves grants by programs. When OPI presents a grant they present not as one total decision package, but split the administrative costs from the grant costs.

The School Funding Interim Study is being carried by LC 132. This does not have an appropriation in it, but the bill defines the mission of the committee. Ms. Carlson said the OBPP isn't opposed to the School Funding Interim Study. The committee agreed not to take action on it at this time.

*{Tape : 3; Side : B; Approx. Time Counter : 2.9; Time: 11:00 am}*

The committee also discussed the \$21,009 request from Malta Schools.

**Motion/Vote:** SEN. JERGESON moved TO **MAKE A FORMAL RECOMMENDATION TO THE HOUSE APPROPRIATIONS THAT HB 3 BE AMENDED TO INCLUDE THE SUPPLEMENTAL APPROPRIATION OF \$21,009 TO OPI FOR MALTA SCHOOLS. Motion carried unanimously.**

Ms. Purdy reminded the committee to take action on language on page 8 of [Exhibit (1); 01/19/01] as follows:

1. "There shall be an Advanced Drivers' education proprietary account for the collection and expenditure of tuition"
2. "Items [federal funds] are biennial appropriations."
3. "Item [National Board Certification] is contingent on passage and approval of LC 132."

Item 3. is no longer contingent on LC 132 due to former committee action.

**Motion/Vote:** SEN. JOHNSON moved that **ITEM NO. 2 LANGUAGE FOR OPI PROGRAMS 06 AND 09 BE ADOPTED. Motion carried unanimously.**

**Motion/Vote:** SEN. JERGESON moved that **LANGUAGE BE INCLUDED TO STATE IT IS THE INTENT OF THE LEGISLATURE THAT THE ADVANCED**

**DRIVERS EDUCATION PROGRAM BE FUNDED WITH PROPRIETARY FUNDS.****Motion carried unanimously.**

In addition, the committee needed to take action on the proprietary rates for the indirect cost pool. **V. CHAIR MILLER** asked **Ms. Purdy** what would happen if the committee didn't pass the rates. **Ms. Purdy** explained that if the legislation doesn't pass the rates, OPI can't charge a fee for it's services.

**Ms. Fabiano** explained there are two rates the legislation must approve. The first is a rate the federal government approves for OPI to access federal programs to central service type costs which is applied to both state and federal programs. These are charged for expenses that can't be attributed to specific programs. The second set of rates OPI charges for advanced driver education and the rate depends on the type of user of the driver education facility.

**Motion/Vote:** SEN. JOHNSON moved to **ADOPT BOTH PROPRIETARY RATES.**

**Motion carried unanimously.****HEARING ON OPI DISTRIBUTION TO SCHOOLS PROGRAM**

*{Tape : 3; Side : B; Approx. Time Counter : 13.6; Time: 11:12 am}*

**Linda McCulloch, OPI Superintendent,** gave an overview for OPI Program 09-Distribution to Schools in the following testimony:

**EXHIBIT (jeh17a03)**

*{Tape : 3; Side : B; Approx. Time Counter : 22.1}*

**Pat Boyer, Director of Special Education for Bozeman Public Schools,** testified to the committee that while special education funding has increased, overall state funding for special education has not. The increased demand of special education on the district General Fund is inhibiting the growth of other programs. He also distributed the following:

**EXHIBIT (jeh17a04)**

**Jim Beyer, Partners in Policy Making,** from Missoula is the parent of a young girl who is blind. **Ms. Beyer** sees an unfortunate trend that the state is not shouldering it's load so that "all" members of the community can be encouraged and enriched.

**Jude Oberis, former member of the State Special Education Advisory Board,** is also a parent of a child with disabilities.

She said a child's entire window of opportunity could disappear while legislators bicker over the budget. The evolution of special education has really moved forward but without an increase in funding special education will take a dramatic step backward.

**{Tape : 3; Side : B; Approx. Time Counter : 30.8; Time: 11:30 am}**

**REP. PETERSON** requested **Mr. Boyer** explain whether Bozeman schools were mainstreamed or had special education classes. He replied Bozeman schools had incorporated both methods in classrooms.

**{Tape : 4; Side : A; Approx. Time Counter : 0}**

**Ms. Quinlan** covered OPI Program 09 Present Law Adjustments (PLA). DP 17-Reduced Class Size is a reduction to the base as class enrollment isn't as high as was expected. DP 17 is necessary because the base year for budgeting was FY 2000 and 3% increases were expected. This is to bring the base up to the 2001 entitlement levels. SB 100 and HB 4 changed the entitlement levels but the decreasing enrollment means that additional PLA must be appropriated to bring OPI up to the entitlement levels.

**V. CHAIR MILLER** asked what happen if the committee decided not to take action on DP 17. **Ms. Quinlan** explained that the entitlement levels are set in statute.

**Ms. Fabiano** spoke about the DP 2-Timber Harvest/Technology money which are part of HB 3 requesting spending authority. In HB 41 OPI is asking these monies be statutorily appropriated as they are so volatile. For example in FY 2002-03 \$2.85 million in revenue was generated while only \$744,000 was anticipated.

**Ms. Fabiano** explained PLA and New Proposal DP 3-School Facility Payments. PLA DP 3 is to bring the base budget up to FY 2000. This amount is to subsidize schools' debt service payments. In the last year OPI was able to fully pay all eligible debt service payments. New Proposal DP 3 is to keep pace with the new bonds from 2000. **SEN. JOHNSON** requested information regarding school bonds from 1999-2000.

DP 4-Transportation Aid. This adjustment is to keep pace with the slowly growing obligation OPI has to reimburse school districts 85 cents per mile for transportation.

DP 5-School District Audit Filing Fee is for OPI, who is required by law to pay the Department of Commerce to pay school districts for their audit review division. The amount of the payment is based on school district revenues. This 3% increase is in

conjunction with an expected 3% increase in school district revenues.

The following handout was given regarding METNET toll-free calls:

**EXHIBIT(jeh17a05)**

***{Tape : 4; Side : A; Approx. Time Counter : 11.8}***



**ADJOURNMENT**

Adjournment: 11:45 A.M.

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REP. JOHN WITT, Chairman

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CAYENNA JOHNSON, Secretary

JW/CJ

**EXHIBIT** (jeh17aad)